

## Message Text

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ACTION EUR-12

INFO OCT-01 CAB-02 CIAE-00 COME-00 DOTE-00 EB-07 INR-07

NSAE-00 CIEP-01 FAA-00 PM-04 H-02 L-03 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 NEA-10 ACDA-07 NRC-05

ERDA-05 MC-02 ISO-00 /098 W  
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P 120921Z JUL 76

FM AMEMBASSY BERN

TO SECSTATE WASHDC PRIORITY 2856

DOD WASHDC PRIORITY

C O N F I D E N T I A L BERN 3078

EO 11652: GDS

TAGS: MASS PFOR SZ

SUBJ: US-SWISS MEMORANDUM OF UNDERSTANDING

REF: BERN 2526 AND 2554

1. SUMMARY: AT THREE DAYS OF MEETINGS IN BERN AND ZURICH JUL 7-9  
A NUMBER OF MISUNDERSTANDINGS WERE CLEARED UP, EXPERIENCE AND  
LESSONS LEARNED OVER THE PAST MONTHS WERE SHARED, AND COMMUNI-  
CATION IMPROVED. NONETHELESS IT IS CLEAR GOS, FROM GNAEGI  
ON DOWN, HAS A DEEPLY FELT AND POLITICALLY BASED NEED TO BE  
IN A POSITION TO POINT TO A LARGE "SUCCESS" UNDER THE MOU  
AS SOON AS POSSIBLE, AND THE GOS WILL CONTINUE TO MOUNT  
AS MUCH PRESSURE AS IT CAN TO ACHIEVE THIS. END SUMMARY.

2. ON JULY 7-9 THREE DAYS OF MEETINGS WERE HELD BETWEEN  
DEPT OF DEFENSE, NORTHROP, GENERAL ELECTRIC, GOVT  
OF SWITZERLAND AND SWISS MACHINE TOOLS MANUFACTURERS ASSOCIATION,  
AND EMBASSY OFFICERS INVOLVED IN IMPLEMENTATION OF  
THE MOU. ALTHOUGH MANY REFERENCES WERE MADE TO THE FACT  
THAT THE MEETINGS WERE TAKING PLACE AGAINST THE BACK-  
GROUND OF THE ERDA AND PEACE HAWK "FAILURES," THERE  
WAS NO DISPOSITION TO DWELL ON THEM. THE EMPHASIS  
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WAS ON A REVIEW OF EXPERIENCE TO DATE, THE LESSONS

LEARNED AND ON PROBLEM-SOLVING. THE FACT THAT GE AND NORTHROP WERE ABLE TO ANNOUNCE THE PLACEMENT OF \$6 MILLION IN FIRM ORDERS, THAT TOP MANAGEMENT IN BOTH COMPANIES IS DIRECTLY INVOLVED, AND THAT PROBLEMS ARE BEING RECOGNIZED AND WORKED ON HELPED CREATE A CONSTRUCTIVE ATMOSPHERE.

3. WE BELIEVE IT IS NOW SOMEWHAT CLEARER TO THE SWISS THAT THE MOU IS NOT SOME MAGIC WAND WHICH, WHEN WAVED, PRODUCES A FLOOD OF ORDERS TO SWISS INDUSTRY, AND THAT A SUBSTANTIALLY GREATER EFFORT ON THEIR PART WILL BE NECESSARY. WHILE CONTRACTOR AND DOD EXPERIENCE VARIES, AS DO THE WAYS IN WHICH THEY APPROACH THE IMPLEMENTATION OF THE MOU, THESE DIFFERENCES WERE CLARIFIED AND THE SWISS SEEM TO UNDERSTAND THEM BETTER.

4. IN SPITE OF THE POSITIVE RESULTS OF THESE MEETINGS, IT REMAINS GOS VIEW THAT WE HAVE NOT DONE ENOUGH TO MEET THEIR DEEPLY FELT AND POLITICALLY BASED NEED FOR A LARGE "SUCCESS" TO POINT TO AS SOON AS POSSIBLE. MY COLLEAGUES AND I UNDERSTAND SEVERAL POSSIBILITIES EXIST, AND WOULD URGE THAT EVERY EFFORT BE MADE TO ACHIEVE SUCCESS WHERE POSSIBLE AND AVOID NURTURING FALSE HOPES WHEN SUCCESS IS NOT IN THE CARDS.  
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